



To the Mayor and Members of the City Council

July 21, 2015

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**SUBJECT: REVIEW OF PERSONNEL RULES AND REGULATIONS
REGARDING EMPLOYEE CONDUCT**

The purpose of this informal report is to brief the City Council on staff's review of the Code of Ethics/Personnel Rules and Regulations as they relate to endorsements of a vendor/product by City employees and payment of employee travel expenses by City suppliers.

Ethical behavior is one of City's core values. Employees have an obligation to conduct themselves in accordance with the City's ethics rules. To ensure accountability of ethical behavior in all interactions the City has Ethical Standards of Conduct in the City of Fort Worth Personnel Rules of Procedure (PRRs), and provides training and a 24-hour hotline. Procedures and training are reviewed and updated on a continuous cycle.

Endorsements and Payment of Travel Expenses by City Suppliers

The following applicable City regulations and code provisions were reviewed:

- City of Fort Worth Personnel Rules and Regulations for General Employees - specifically section 13.3 *Ethical Standards of Conduct*, section 13.3.2 *Prohibition of Seeking or Accepting Gifts*, and section 13.3.2.1 *Miscellaneous Rules about Gifts*
- The Ethics Code - Article 7, Chapter 2 of the City Code

The City's Ethics Code prohibits employees from accepting or soliciting any kind of benefit from a City vendor or prospective vendor if the benefit is of sufficient value that it might influence the employee in any decision with respect to the vendor or prospective vendor. In October 2014, the General Employee PRRs were amended to add clarification to the Ethical Standard of Conduct, noting that a gift of any value that may influence an employee is prohibited. The PRRs continue to state that employees may participate in educational activities sponsored by current or potential City vendors so long as transportation expenses are paid by the City. The exception is when travel is necessary in conjunction with a contracted purchase, study or review of equipment for purchase which may be paid by the vendor.

In order to address a remaining policy gap, a provision addressing employee endorsements will be included in the next update of the General Employees PRRs set to be released October 1, 2015, and later in the Police and Fire PRRs as follows. The added language defines endorsements, generally prohibits them and defines when endorsements are allowable. The text of the proposed language is below.

Definition of Endorsement – An endorsement is any positive statement, either orally or in writing, regarding the goods or services provided by any person, group or business entity that an employee knows has or will have a financial interest in any current city contract or proposed contract, ordinance or decision upon which the employee may act or make a recommendation.



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PRRs Section 13.3.3 *Endorsements*. This policy relates only to endorsements that an employee makes in his or her capacity as a city employee, as a representative of the City, or while being identified as an employee of the City. This policy applies whether the employee makes the endorsement while on work time or not.

Generally, endorsements by City employees are prohibited. However, allowable endorsements are as follows:

1. Endorsements that are unsolicited by the vendor or anyone acting on its behalf. Examples of allowable endorsements would include: (1) an employee answering an impromptu question from a colleague from another City regarding what accounting software the City of Fort Worth utilizes and whether the employee thinks it performs well, and (2) an employee presenting the favorable results of a pilot program to City decision makers in making a determination on a purchase.
2. Endorsements made as part of a reference check or due diligence by an entity seeking to conduct business with a vendor where the vendor has listed the City as a current or former client for that purpose. Employees contacted under these circumstances should request approval from their department head prior to providing information to the requesting entity.
3. Endorsements approved by the City Manager. Any endorsement approved in writing by the City Manager after the terms and circumstances of the endorsement have been presented to him or her for review is allowable.

Current City Training and Other Mechanisms that Promote an Ethical Environment

- Ethical Standards of Conduct Form signed by new employees.
- Ethics Training at New Employee Orientation (NEOP)
- Ethics Training included in Fire and Police curriculum
- Online ethics training course
- 24-hour hotline
- Ethical Review Commission
- Core value – Ethical Behavior
- Policies (personnel, purchasing, travel)
- Professional Association Ethical Codes

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1. The updated General Employee PRRs for will be released on October 1, 2015 reflecting the suggested changes related to endorsements. Police and Fire PRRs will follow.
2. Communication related to all PRR changes will begin in August at the director level and then cascade to all to city employees.

New online and in-class room training content is being developed for the employee ethics class and will be launched before the end of the calendar year. All employees will be required to take the ethics training refresher every three years. General government employees will be required to complete the curriculum by June 30, 2016.

Other

It is important to note that Texas state law also includes prohibitions and reporting requirements related to municipal employees' acceptance of gifts or travel arrangements and/or employment relationships with vendors that do or may contract with the City. Some of these laws include criminal penalties.

State law was recently changed. House Bill 23 which is effective September 1, 2015 relates to an enhanced disclosure of certain relationships and gifts involving vendors. The bill also adds disclosure requirements for vendors that have a business relationship with the city. The City Attorney's Office will provide an overview and communication related to the changes and reporting process in a Pre-Council briefing in August since it also applies to elected officials. Staff will update reporting procedures and training materials accordingly at that time.

If you have any questions about City Personnel Rules and Regulations, please contact Brian Dickerson, Human Resources Director. If you have any questions regarding the City's Ethics Code or state law prohibitions or requirements for municipal employees, please contact Sarah Fullenwider, City Attorney.

**David Cooke
City Manager**